

**NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE  
Marketing Research &  
Recommendations**  
*Summer 2003*

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## Introduction

This project was initiated and managed by the New Hampshire Department of Agriculture, Markets & Food under the direction of the Division of Agricultural Development. Funding for this initiative was provided by the United States Department of Agriculture as part of a grant awarded to New Hampshire's Department of Agriculture.

The findings and recommendations that follow are the result of a year-long effort that involved research studies by the Institute for New Hampshire Studies and the University of New Hampshire, the development of an economic impact model, and the preparation of a strategic marketing plan.

The purpose of this initiative was to:

1. Develop an economic model to assess the economic impact of agriculture on the New Hampshire economy and establish a benchmark for ongoing measurement.
2. Determine the purchase patterns of people buying agricultural goods and services, and gauge their perceptions and attitudes about the value of agriculture in terms of product value, cultural value, and aesthetic value.
3. Identify opportunities for growing agriculture's value to New Hampshire's economy and quality of life.
4. Develop a strategic plan for pursuing those opportunities.

## Research Summaries

There were three major research studies conducted in conjunction with this project. Two studies were conducted by the Institute for New Hampshire Studies (INHS) and the other was conducted by the University of New Hampshire Cooperative Extension (UNH). A summary of each study follows:

### INHS SURVEY SUMMARY

#### Methodology

INHS conducted in-person interviews with 400 resident visitors (those traveling more than 25 miles from home) and 400 out-of-state visitors. The interviews were conducted during the summer and fall of 2002 at New Hampshire Visitor's Centers and Rest Areas and the Lakes Region Outlet Stores. Most of those interviewed were 25 - 100 miles from home.

#### Purpose

The purpose of the research was to determine the role agriculture plays in tourism and the purchasing habits and attitudes of visitors.

#### Key Findings

Open space was considered very important to the enjoyment of a New Hampshire visit, scoring 4.5 on a 5-point scale. Because farmland and orchards are inherently part of the scenic beauty of New Hampshire, they are vital to the visual enjoyment visitors seek. And research conducted by the Division of Travel and Tourism Development (DTTD) supports this by revealing that scenic drives are one of the leading activities among visitors (*Nichols/Gilstrap Image Study 2003*).

Over 30% of those surveyed had either bought, or were intending to buy, a local agricultural product on their trip. 30% of the out-of-state visitors were "not sure" which suggests that they didn't know if they would encounter any of those goods while visiting.

Over 60% of out-of-state visitors not planning a purchase cited lack of awareness as the reason for not making a purchase. They either did not know where to find local products or they were not aware of the origin of products they saw.

Those interviewed said they would increase purchases if products were more available and more clearly labeled. They also said that awareness of where there were markets, stands, and U-pick facilities would increase their purchases.

65% of in-state visitors and nearly 50% of out-of-state visitors said they would be willing to spend more for locally grown products.

Even with a higher price, locally grown products are considered a better value because of their freshness.

The most popular agritourism activities were apple/berry picking and sleigh/hay rides.

#### UNH SURVEY SUMMARY

##### Methodology

The UNH survey was implemented in the fall of 2002 and completed in February, 2003. The research team conducted telephone interviews with 435 residents. The respondents were from all parts of New Hampshire with most residing in Rockingham and Hillsborough counties.

##### Purpose

The purpose of the study was to assess attitudes and purchase behavior of residents who make “routine” purchases at farm stands, farmer’s markets, and self-harvesting locations (as opposed to purchases made while traveling).

##### Key Findings

Over 90% of those surveyed felt that keeping farms viable was important and virtually all respondents (98%) agreed that buying local produce was a way to keep farms viable.

90% of respondents also felt that laws should try to protect farmland from urban development and 82% agreed with the idea that a portion of their property tax should be used to preserve open space in their town.

39% of those surveyed said they “definitely” would purchase a New Hampshire-grown product if identified as such and 56% said they “probably” would.

Like those surveyed by INHS, 62% of respondents said they would be willing to pay more for food products labeled as New Hampshire-grown. This means that even with “routine” purchases consumers are willing to pay a premium.

Nearly all of those surveyed (94%) felt people should have more locally grown foods available to them.

The reasons cited for not buying were “out of the way/ inconvenient” and “don’t know any” which mirrors the INHS research findings.

The most popular agritourism activities among those surveyed were apple and berry picking - again mirroring the INHS study.

## ECONOMIC IMPACT STUDY

### Methodology

The economic impact study was based on data from the U.S.D.A., the Bureau of Economic Analysis, and the New Hampshire Department of Agriculture. This data was used in the development of an economic impact model used to determine the direct, indirect, and induced spending related to the various sectors of the industry (see full report for details).

### Purpose

The purpose of the study was to:

- Provide an assessment of the overall economic impact and economic value of the agricultural industry.
- Better understand the relationship between agriculture and tourism.
- Provide a benchmark for gauging agriculture’s economic impact over time.

### Key Findings

Agriculture produced \$930 million in direct spending- representing over 2% of the state GDP.

Direct spending supported 11,606 jobs and generated household income of over \$200 million.

Direct spending produced \$43.8 million in state and local government revenues.

Agriculture's total economic impact was over \$2.3 billion (including direct, indirect, and induced spending).

A total of 18,326 jobs are linked to agriculture - resulting in nearly \$600 million in household income.

The total of all spending produced \$118 million in state and local government tax revenue.

### RESEARCH CONCLUSIONS

Agriculture has a significant impact on New Hampshire's economy, employment base, and tax revenue.

Agriculture is important to our residents and visitors for its contribution to open space, local culture, fresh food, and authentic experiences.

There is pent-up demand for locally grown products and a willingness to pay a premium for them.

The biggest obstacle to increasing direct-to-consumer purchases is awareness of, and access to, products and activities.

## Overall Strategy

In order to increase the economic impact of agriculture, leverage its importance to New Hampshire's quality of life, and ensure its sustainability, there is a critical need to increase the exposure people have to it. The more direct experience people have with New Hampshire agriculture and its products, the more they will buy, the more they will appreciate the importance of agriculture, and the more they will work to protect agricultural assets.

The overarching strategy therefore is:

### Encounters with agriculture

There are five primary channels where these encounters and experiences can take place:

- Farmer's Markets
- Farm Stands
- Agricultural Fairs & Expositions
- Self-harvesting (U-pick)
- Agritourism

In each case, the consumer has an opportunity to buy products and have direct contact with the people and places that represent New Hampshire agriculture.

## Rationale

- These encounters/experiences are universally applicable rather than focusing on a particular product category.
- This strategy allows agriculture to be connected with tourism- one of New Hampshire's largest and most stable industries and the source of established promotional activities.
- These encounters represent the potential of additional revenue streams for the industry.
- Direct experiences are an untapped opportunity given the pent-up demand for products and experiences and the limited awareness of where to find them.
- Consumers are less price-sensitive in these encounters and more willing to pay a premium for New Hampshire-grown goods.
- Positive experiences create greater awareness and support.
- Direct experiences pave the way for future purchases (Vermont studies have shown that people who make purchases while traveling are four times more likely to buy those products in the future).
- Open space, farmland, and farm products are already an important part of tourism, and agriculture enjoys a strong connection to what visitors are seeking in New Hampshire.
- The economy is becoming experience-based and people are looking for products and activities that involve more than just an exchange of goods.
- Promotion of these encounters is financially feasible (in contrast to national or regional ad campaigns).

Note: This plan is focused on marketing and promotional strategies and has therefore not addressed other needs such as development and training. While marketing and promotional strategies can be implemented immediately, that does not diminish the need to consider the longer-term needs of development and training.



## Marketing Strategy

### INTRODUCTION

The agricultural industry is in the advantageous position of having both pent-up demand and the ability to charge premium prices. The marketing challenge is not to stimulate interest or promote value, but to increase awareness and access. People are willing to purchase goods and services but need to have more knowledge of where to make those purchases and what products are locally grown.

As a consequence, the marketing strategy should be focused on increasing awareness of the different channels (farm stands, farmer's markets, U-pick, fairs, etc.) and providing information on where to find them.

### PHASE ONE STRATEGY

Rather than trying to develop a stand-alone marketing program, the proposed strategy leverages the resources of other organizations and state agencies. Those resources represent established avenues for reaching agriculture's key audiences. This strategy would consist of some combination of the following:

- A partnership with the New Hampshire Division of Travel and Tourism Development (DTTD) to create a higher profile for agriculture in the Official Guidebook, visitnh.com website, the Events Guide and Official Visitors Guide. These publications reach a large audience of residents and visitors at a much lower cost than could be accomplished with a stand-alone program.
- Inclusion in the DTTD e-newsletter. This email is sent to a mailing list of roughly 40,000 (as of this date) opt-in names. It is sent quarterly, coinciding with each major season. Recipients are able to link directly to visitnh.gov and advertiser sites from the email. This would be an effective way for agriculture to promote seasonal products and activities.
- Have a presence at selected events and trade shows such as the DTTD New York press event, the Governor's Conference on Tourism, FAM tours for press, etc. This would give agriculture more exposure among key industry and trade audiences.

- Work with the New Hampshire Lodging and Restaurant Association (NHLRA) to get locally grown foods featured in restaurants and increase awareness of agricultural activities within the lodging industry.
- Work with the New Hampshire Department of Transportation (DOT) to develop a signage plan for agricultural destinations. The research conducted by UNH, and secondary research obtained as part of this project, clearly indicates the vital importance of signage in generating spontaneous visits.
- Continue working with New Hampshire Stories to further the “New Hampshire’s Own” marketing and labeling program. The “New Hampshire’s Own” program helps to create higher awareness of locally-produced goods and establishes a collective identity for those products.
- Work with the New Hampshire Liquor Commission to establish a presence in their stores and their magazine and develop a joint promotion to connect food and wine.
- Work with the Granite State Ambassadors (GSA) to educate the ambassadors about agricultural destinations and activities so that they can direct visitors to those places.
- Work with the New Hampshire Association of Broadcasters (NHAB) to develop a PSA campaign aimed at increasing awareness of agriculture and its offerings.
- Upgrade the website content to: Enhance online directories of farm stands, farmer’s markets, and U-pick facilities to include more user-friendly formats, maps, and links; include recipes which showcase New Hampshire-grown ingredients and products; and consider the addition of an e-commerce component either through nhfarms.com or nhmade.com.

### Conclusion

The various tactics make use of organizations and resources which are already in place. By approaching the marketing according to this strategy, agriculture can increase awareness and promote encounters in a broad but efficient manner.

## PHASE TWO STRATEGY

While Phase One is more focused on broad awareness, Phase Two is designed to increase more specific knowledge of local offerings and build relationships within local and regional communities. Phase Two would consist of some combination of the following:

- Work with local and regional destination marketing organizations (DMOs) to include agriculture as part of their promotional efforts.
- Work with DMOs to include agricultural information and materials in their fulfillment packages.
- Work with local tourism industry to create vacation packages which include agricultural activities and destinations.
- Recruit members of the agricultural community to serve as local ambassadors, promote agriculture within their region, and disseminate information. These people would provide information to town offices, chambers of commerce, local libraries, etc.
- Advertise in local and regional guides with cooperative ads featuring area agricultural activities and destinations.
- Sponsor and/or host local events. These could be either business events such as chamber meetings, business after hours, rotaries, etc., or local consumer events. This would involve featuring locally grown products and providing information on agricultural destinations and activities within the area.
- Prepare a professional presentation to be given at local meetings and gatherings to effectively raise the profile of agriculture and generate community support. This presentation could be given by Department of Agriculture staff or the local/regional agriculture ambassador.

- Create a marketing development team which would help the local and regional members of the industry with promotion, signage, packaging, etc. This team would make its expertise, and its resources available to help with increasing awareness and access, improving merchandising and customer service, and other marketing issues.

All of the strategies above are aimed at increasing awareness of agriculture, giving the local community the information and tools needed to promote agriculture, connect agriculture to the local tourism industry, and increase traffic to local destinations.

## Next Steps

### **1. Determine the ROI of an investment in the proposed strategies.**

With economic impact data now in place, the next step is to assess the relative impact of increasing the profile of agriculture and increasing purchases of agricultural goods and services. This determines the return that can be expected from dollars invested in such efforts.

### **2. Organize and mobilize industry players to establish a coordinated and sustained effort to promote agriculture.**

Armed with data outlining the importance of agriculture to New Hampshire's economy and quality of life, the industry needs to work collectively to raise awareness of its impact.

### **3. Publicize research findings and recommendations.**

A coordinated effort needs to be established to "get the word out" about agriculture through a public relations campaign centered on the research outlined above. This will bring attention to the industry and educate opinion leaders about its importance.

### **4. Present findings and recommendations to legislators and opinion leaders.**

Central to the sustainability of agriculture is support from decision makers in the state. The industry needs their financial and political backing and should work to make those decision makers aware of agriculture's influence on the economy, the landscape, and the quality of life in New Hampshire.

### **5. Create a measurement system to provide ongoing data.**

It's vital to have a mechanism for ongoing measurement in order to provide objective data and a framework for making decisions about budgets, policies, and practices.

#### **6. Create a new position within the Department of Agriculture to oversee the implementation of proposed strategies.**

Many of the proposed strategies involve planning, relationship building, coordination, and facilitation. In order to make the best use of existing resources, it will be necessary to have a position dedicated to bringing those resources together.

#### **7. Increase promotional funding to support advertising, promotion, and event needs.**

The Department of Agriculture's marketing budget is woefully underfunded. There should be an increase in marketing funds simply to undertake the most basic elements of a marketing plan. An investment in marketing would make a significant difference and is sure to produce a very attractive ROI over time.

#### **8. Establish a pilot program in a selected local area to test the proposed strategies.**

Rather than attempt to implement Phase Two of the marketing strategy statewide, it would be wise to create a pilot program in a selected market in order to test the tactics and gauge the success of the strategy. This would make the strategy more manageable and more measurable.

## Conclusion

Agriculture makes a significant contribution to New Hampshire's economy and to its quality of life, with a total economic impact of over \$2 billion. At the same time, the industry faces increasing pressure in the face of development. The loss of farmland presents a risk that New Hampshire will lose the open space that attracts tourism, the heritage that appeals to visitors and residents, and the direct access to fresh food that people are willing to pay a premium for.

The answer is to leverage the appeal of agriculture by reaching out directly to consumers. Through "Encounters with Agriculture," the industry can increase sales, generate goodwill, and create a groundswell of support. This requires increasing the visibility of agricultural offerings, giving people better access to goods and activities, and raising awareness of where to encounter agriculture.

Demand for local agricultural products and activities is high and price sensitivity is low, creating an ideal selling environment. The challenge is to increase access and awareness in order to capitalize on strong demand. To do so, the industry needs to leverage the promotional activities of other organizations and provide for the dissemination of information locally.

By creating more opportunities for people to encounter agriculture, the industry will provide even greater economic and social value to New Hampshire.